COMMONWEALTH of VIRGINIA

Office of the Governor

October 10, 2006

Mr. James F. McGuirk, II, Chair
Information Technology Investment Board
AKLM Consulting, Inc.
18341 Buccaneer Terrace
Leesburg, Virginia 20176

Dear Mr. McGuirk:

As you know, over the past four years the Commonwealth has undertaken several projects aimed at improving efficiency and effectiveness. The first phase of projects targeted enterprise-level activities such as real estate management, receivables, IT infrastructure (VITA), and purchasing (eVA). In addition, the Council on Virginia's Future has sponsored a number of agency-specific re-engineering efforts, including a new Amber Alert System for the State Police and a Recruitment Management System for the Department of Human Resources Management.

While these initiatives have been impressive, they are not enough to offset rapidly rising costs driven by increasing personnel costs, especially health care expenses, entitlement spending and mandated expenditures. We must do more for reducing the cost of government and a growing population demanding improved services. To meet this challenge the Commonwealth needs to improve the way it manages its productivity improvement efforts.

I am proud to announce that I am recommending an improved system that will include a high-level focus of responsibility for enterprise improvement efforts. This "Office of Enterprise Business Solutions" will include three key elements:

o *Center of Excellence:* This will establish a vehicle to develop performance benchmarks, a common language for change management, more effective organizational and personal incentives for change, best-practice process improvement tools and techniques, and improved training for mid-level and executive managers.

o *Collaborative Investment Fund:* This will be an operations "SWAT" team that would surface, evaluate and implement enterprise operational solutions. The goal is to build a portfolio of both agency-specific and inter-agency improvement projects that are driven by the needs of the enterprise and include "top-down" opportunities and "bottom up"agency-driven collaborations.

      o *Enterprise Project Management Office:* This will align all agency-specific and enterprise-wide projects to a broader Commonwealth strategy; it would track overall investments and results.

The 2006 General Assembly appropriated $3.5 million for fiscal year 2007 and $1.0 million in the second year of the biennium to create a standardized approach to enterprise change management and to launch new reengineering projects. I am directing that these projects focus primarily on reducing transaction times for citizens and businesses in their dealings with government. I am confident that cost savings and quality improvements will emerge as waste is removed from business processes.

I have established five initiatives which are underway or being developed:

- Core business systems and process improvement: The Business Architecture project is enterprise-wide effort to re-engineer core business applications.

- Reducing transaction times for business: Building on Virginia's ranking by Forbes.com as the best place to do business we must do even better in reducing the overhead for businesses operating in Virginia. A one-stop portal will be created for businesses to reduce the time and complexity involved in getting licenses, filing for permits, paying bills, etc.

- Reducing transaction times for Veterans: Although not as widespread through the enterprise, we must do a better job of supporting those who have served our defense of freedom. A second project will develop an approach for the coordinated presentation of benefits and programs for veterans.

- Electronic Health Records: A number of health-related service organizations are coming together to develop a coordinated approach for new electronic health care systems in order to improve services to joint clients and to reduce overall development costs.

- Enterprise wide document handling and workflow management and processes: While strides have been made in reducing the amount of paper involved with the process of governing, much remains to be done. This initiative would look at uniform and efficient use of document imaging, storage and retrieval.

Plans are in place to utilize the private sector in new ways in order to bring to bear the highest level of project development and management expertise available. An advisory group of private sector leaders, including members of the Council, will provide guidance for the overall effort. Where possible, private sector project management experts will be offered short-term assignments to help develop and initiate re-engineering projects. Finally, project managers will be hired from the outside for two- to three-year project management assignments to lead larger projects through their entire life cycle.

I know that as I do, you look forward to helping Virginia "Lead the Way" in Government Reform. I look forward to working with you as we develop this strategy, support these initiatives and develop the "knowledge base" and platform for the success of these and similar future endeavors.

Sincerely,

Timothy M. Kaine

TMK/mkh
c: Cabinet Secretaries